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09/853,206	05/11/2001	Steve Melnick	C18497/115275	5901
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BRYAN CAVE LLP		JABR, FADEY S		
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Suite 3600		PAPER NUMBER		
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Please find below and/or attached an Office communication concerning this application or proceeding.

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Office Action Summary	Application No. 09/853,206	Applicant(s) MELNICK ET AL.	
	Examiner Fadey S. Jabr	Art Unit 3639	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 11 May 2001.
2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-32 is/are pending in the application.
4a) Of the above claim(s) _____ is/are withdrawn from consideration.
5) ☐ Claim(s) _____ is/are allowed.
6) ☒ Claim(s) 1-32 is/are rejected.
7) ☐ Claim(s) _____ is/are objected to.
8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date 6/13/01.
4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 112

1. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

2. Claims **1-3, 5, 7, 16-18, 21, 22, 24, and 27-30** are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

As per **Claims 1-3, 5, 7, 16-18, 21, 22, 24, and 27-30**, the recitation of the term “utilization quantity” is vague and indefinite for not providing a clear and concise explanation of the term. Appropriate correction is required for the above claims and any subsequent recitations of the term.

Claim Rejections - 35 USC § 101

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims **1-3, 5, 7, 16-18, 21, 22, 24, and 27-30** are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. A claim limited to a machine or manufacture which has practical application in the technological arts is statutory. In most cases, a claim to a specific machine or manufacture will have practical application in the technological arts. See MPEP 2106, 2100-14 (quoting *In re Alappat*, 33 F.3d at 1544, 31 USPQ2d at 1557). Additionally, for subject matter to be statutory, the claimed process must be limited to a practical application of the abstract idea or mathematical algorithm in the technological arts. See *In re Alappat* 33 F.3d at 1543, 31 USPQ2d at 1556-57 (quoting *Diamond V. Diehr*, 450 U.S. at 192, 209 USPQ at 10). For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts. See *In re Musgrave*, 431 F.2d 882, 167 USPQ 280 (CCPA 1970).

In the present case, claims **1-3, 5, 7, 16-18, 21, 22, 24, and 27-30** only recite an abstract idea. The recited steps of merely estimating, predicting, and calculating cost and utilization quantities of a product does not apply, involve, use, or advance the technological arts since all of the recited steps can be performed in the mind of the user or by use of a pencil and paper. These steps only constitute an idea of how to choose one product over another.

As to technological arts recited in the preamble, mere recitation in the preamble (i.e., intended or field of use) or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise

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abstract idea unless there is positive recitation in the claim as a whole to breathe life and meaning into the preamble. In the present case, none of the recited steps are directed to anything in the technological arts as explained above with the exception of the recitation in the preamble that the method is "computerized". Looking at the claim as a whole, nothing the body of the claim recites any structure or functionality to suggest that a computer performs the recited steps. Therefore, the preamble is taken to merely recite a field of use.

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. An invention, which is eligible or patenting under 35 U.S.C. 101, is in the "useful arts" when it is a machine, manufacture, process or composition of matter, which produces a concrete, tangible, and useful result. The fundamental test for patent eligibility is thus to determine whether the claimed invention produces a "use, concrete and tangible result". See *AT&T v. Excel Communications Inc.*, 172 F.3d at 1358, 50 USPQ2d at 1452 and *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d at 1373, 47 USPQ2d at 1601 (Fed. Cir. 1998). The test for practical application as applied by the examiner involves the determination of the following factors"

- (a) "Useful" – The Supreme Court in *Diamond v. Diehr* requires that the examiner look at the claimed invention as a whole and compare any asserted utility with the claimed invention to determine whether the asserted utility is accomplished. Applying utility case law the examiner will note that:
- i. the utility need not be expressly recited in the claims, rather it may be inferred.
 - ii. if the utility is not asserted in the written description, then it must be well established.

- (b) “Tangible” – Applying *In re Warmerdam*, 33 F.3d 1354, 31 USPQ2d 1754 (Fed. Cir. 1994), the examiner will determine whether there is simply a mathematical construct claimed, such as a disembodied data structure and method of making it. If so, the claim involves no more than a manipulation of an abstract idea and therefore, is nonstatutory under 35 U.S.C. 101. In *Warmerdam* the abstract idea of a data structure became capable of producing a useful result when it was fixed in a tangible medium, which enabled its functionality to be realized.
- (c) “Concrete” – Another consideration is whether the invention produces a “concrete” result. Usually, this question arises when a result cannot be assured. An appropriate rejection under 35 U.S.C. 101 should be accompanied by a lack of enablement rejection, because the invention cannot operate as intended without undue experimentation.

In the present case, the claimed invention inputs and calculates data (i.e., repeatable) used in determining and selecting the best insurance policy (i.e., useful and tangible).

Although the recited process produces a useful, concrete, and tangible result, since the claimed invention, as a whole, is not within the technological arts as explained above, claims **1-3, 5, 7, 16-18, 21, 22, 24, and 27-30** are deemed to be directed to non-statutory subject matter.

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

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(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. Claims **1-29, 31, and 32** are rejected under 35 U.S.C. 103(a) as being unpatentable over Schoenbaum et al., Pub. No. US2002/0147617 A1 in view of Toan et al., Pub. No US2002/0095316 A1.

As per **Claim 1**, Schoenbaum et al. discloses a method for using a computer apparatus for evaluating a plurality of plans, each having one or more plan design options, from which a plurality of consumers may each select one of the plans under which a provider supplies the selecting consumer's utilization quantity of one or more products, the computer apparatus comprising an input device for receiving input data, a memory device connected to the input device for storing the input data, a processor connected to the memory device which is programmed to perform operations upon the stored data to produce output data, and an output device connected to the processor for outputting the output data, the method comprising the steps of:

- estimating the utilization quantity of each product for each consumer

(Para. 222; 258, lines 8-10);

- calculating the estimated cost by accumulating the costs of supplying each product to each consumer under the predicted plan, whereby the cost of supplying each consumer is the sum of the unit cost of each product multiplied by the consumer's estimated utilization quantity of that product, less any payments made by the consumer (Para. 232; 251, lines 11-15);

Nevertheless, Schoenbaum et al. fails to disclose:

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- inputting values corresponding to each plan design option in each plan;
- inputting the unit cost of supplying each product provided under the plans;
- predicting the plan selected by each consumer; and
- outputting the estimated cost.

However, Toan et al. discloses inputting data corresponding to each plan; inputting the unit cost of supplying each product (Para. 5); predicting the plan selected by each consumer (Para. 15), and output the estimated cost (Para. 10). It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to modify the method of Schoenbaum et al. and provide the capability to input and output cost and data corresponding to each plan as disclosed by Toan et al. because it would be obvious to want to provide information regarding the prospective plan to the consumer so that they may formulate an informed decision concerning the plan. It would have also been obvious to one of ordinary skill in the art at the time of applicant's invention to modify the method of Schoenbaum et al. and provide the capability for predicting a plan to be chosen by the consumer as disclosed by Toan et al. because in order to provide pertinent information regarding plans to a consumer a prediction based on specific criteria would have to be made in order for the relevant information to be provided.

As per **Claim 2**, Schoenbaum et al. further discloses a method wherein the step of estimating the utilization quantity of each product for each consumer comprises deriving the estimated utilization quantity from the consumer's historical utilization quantity of the product (Para. 222).

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As per **Claim 3**, Schoenbaum et al. further discloses a method wherein the step of estimating the utilization quantity of each product for each consumer comprises deriving the estimated utilization quantity from the average utilization quantity of a population segment having at least one demographic, medical or attitudinal characteristic similar to those of the consumer (Para. 232, lines 3-6).

As per **Claims 4, 6, 9, 11, and 13**, Schoenbaum et al. further discloses a method wherein the population segment comprises a representative sample of the consumers (Para. 39).

As per **Claim 5**, Schoenbaum et al. further discloses a method wherein the step of estimated utilization quantity of each product for each consumer is derived from the utilization quantity of a randomly selected member of a population segment having at least one demographic, medical or attitudinal characteristic similar to those of the consumer (Para. 232, lines 3-6).

As per **Claim 7**, Schoenbaum et al. further discloses a method wherein one or more of the plans requires payments by the consumers and wherein the step of predicting the plan selected by each consumer comprises identifying the plan which requires the minimum payment by the consumer for the consumer's historical utilization quantity of each product (Col. 24, lines 10-31).

As per **Claims 8, 10, and 12**, Schoenbaum et al. fails to disclose a method wherein the step of predicting the plan selected by each consumer comprises identifying the plan most commonly preferred by a population segment having at least one demographic, medical or attitudinal characteristic similar to those of the consumer. However, Toan et al. discloses a system wherein the best perceived plan is identified by the system using data from a subject group (Para. 15). It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to modify the method of Schoenbaum et al. and provide a system that would identify the most preferred plan based on subject group data as disclosed by Toan et al. Toan et al. provides motivation for providing a customer with the most preferred plan according to a subject group with similar demographic characteristics so that the customer may choose the plan with most beneficial options for their current status (Para. 34).

As per **Claims 14, 25, and 31**, Schoenbaum et al. further discloses a method further comprising the step of adjusting the plan design option values according to the difference between a predetermined target cost and the calculated estimated cost (Para. 283; 284).

As per **Claims 15, 26, and 32**, Schoenbaum et al further discloses a method further comprising the step of inputting the predetermined target cost and wherein the step of adjusting the plan design option values according to the difference between the predetermined target cost and the calculated estimated cost is performed by the processor (Para. 283; 284).

As per **Claim 16**, Schoenbaum et al. discloses a computer based system for determining the values corresponding to each plan design option of a plurality of plans, from which a plurality of consumers may each select and under each of which plans a provider supplies each selecting consumer's utilization quantity of one or more products, such that the estimated cost to the provider of supplying the products is equal to a predetermined target cost, comprising:

- the processor programmed for estimating the utilization quantity of each product for each consumer, predicting the plan selected by each consumer, and calculating the estimated cost by accumulating the costs of supplying each consumer, whereby the cost of supplying each consumer is the sum of the unit cost of each product multiplied by the consumer's estimated utilization quantity of that product, less any payments made by the consumer

(Para. 232; 251, lines 11-15); and

- means for adjusting the plan design option values according to the difference between the target cost and the estimated cost (Para. 283; 284).

Nevertheless, Schoenbaum et al. fails to disclose:

- an input device for receiving input data,
- a memory device connected to the input device for storing the input data,
- a processor connected to the memory device which is programmed to perform operations upon stored data to produce output data, and
- an output device connected to the processor for displaying the output data;
- the input device capable of receiving data representing proposed initial values corresponding to each plan design option in each plan and the unit cost of supplying each product.

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However, Toan et al. discloses an input device for receiving input data (Para. 12); a memory device connected to the input device for storing the input data (Para. 13); a processor connected to the memory device which is programmed to perform operations upon stored data to produce output data (Para. 14), an output device connected to the processor for displaying the output data (Para. 15), and the input device capable of receiving data representing proposed initial values corresponding to each plan design option in each plan and the unit cost of supplying each product (Para. 15). It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to modify the computer system of Schoenbaum et al. and provide an computer based system to input, store, process and output cost and data corresponding to each plan as disclosed by Toan et al. because it would be obvious to want to provide information regarding the prospective plan to the consumer so that they may formulate an informed decision concerning the plan.

As per **Claim 17, and 28**, Schoenbaum et al. further discloses a system wherein the input device is capable of receiving data representing the consumer's historical utilization quantity and wherein the processor is programmed for estimating the utilization quantity of each product for each consumer as a function of the consumer's historical utilization quantity of the product (Para. 222; 226; 230; 258, lines 8-10).

As per **Claim 18**, Schoenbaum et al. further discloses a system wherein the processor is programmed for estimating the utilization quantity of each product for each consumer as the consumer's historical utilization quantity of the product (Para. 222; 226; 230; 258, lines 8-10).

As per **Claim 19**, Schoenbaum et al. fails to disclose a system wherein the output device is capable of displaying the estimated cost to a user. However, Toan et al. discloses a method wherein the calculated data is outputted (Para. 10). It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to modify the method of Schoenbaum et al. and provide the capability to output the calculated data as disclosed by Toan et al. because it would be obvious to want to display the calculated data corresponding to the plan options to the customer.

As per **Claim 20**, Schoenbaum et al. further discloses a system further comprising means for inputting signals from a user and wherein the means for adjusting the plan design options according to the difference between the target cost and the estimated cost comprises means for adjusting the plan design options according to inputs received from the user (Para. 283, 284).

As per **Claim 21**, Schoenbaum et al. further discloses a system wherein the input device is capable of receiving data representing the average utilization quantity of a population segment having at least one demographic, medical or attitudinal characteristic similar to those of the consumer and wherein the processor is programmed for estimating the utilization quantity of each product for each consumer as a function of the average utilization quantity of a population segment having at least one demographic, medical or attitudinal characteristic similar to those of the consumer (Para. 39; 222; 226; 230; 258, lines 8-10).

As per Claim 22, Schoenbaum et al. further discloses a system wherein the processor is programmed for estimating the utilization quantity of each product for each consumer as the average utilization quantity of a population segment having at least one demographic, medical or attitudinal characteristic similar to those of the consumer (Para. 39; 222; 226; 230; 258, lines 8-10).

As per Claim 23, Schoenbaum et al. discloses a system wherein the input device is capable of receiving data representing the plan selection criteria preferred by members of a population segment having at least one demographic, medical or attitudinal characteristic similar to those of the consumer (Para. 39).

Nevertheless, Schoenbaum fails to disclose:

- wherein the processor is programmed for predicting the plan selected by each consumer as the plan most closely matching the plan selection criteria.

However, Toan et al. discloses a processor that predicts the plan selected by each consumer that closely matches the plan selection criteria (Para. 15). It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to modify the system of Schoenbaum et al. and provide the capability for predicting a plan to be chosen by the consumer as disclosed by Toan et al. because in order to provide pertinent information regarding plans to a consumer a prediction based on specific criteria would have to be made in order for the relevant information to be provided.

As per **Claim 24**, Schoenbaum et al. further discloses a system wherein the processor is programmed for estimating the utilization quantity of each product for each consumer as the average utilization quantity of a population segment having at least one demographic, medical or attitudinal characteristic similar to those of the consumer (Para. 39; 222; 226; 230; 258, lines 8-10).

As per **Claim 27**, Schoenbaum et al. discloses a method for using a computer apparatus for evaluating one or more plans, each having one or more plan design options, under which a provider supplies the consumer's utilization quantity of one or more products, the computer apparatus comprising an input device for receiving input data, a memory device connected to the input device for storing the input data, a processor connected to the memory device which is programmed to perform operations upon the stored data to produce output data, and an output device connected to the processor for outputting the output data, the method comprising the steps of:

- estimating the utilization quantity of each product for the consumer

(Para. 222; 258, lines 8-10);

- calculating the cost to the consumer for each plan by accumulating the transactional cost to the consumer for each product plus any periodic payments made by the consumer (Para. 39).

Nevertheless, Schoenbaum et al. fails to disclose:

- inputting values corresponding to each plan design option in each plan;

- outputting the calculated cost.

However, Toan et al. discloses inputting values corresponding to each plan design option in each plan (Para. 5); and outputting the calculated cost (Para 10). It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to modify the method of Schoenbaum et al. and provide method for inputting and outputting cost and data corresponding to each plan as disclosed by Toan et al. because it would be obvious to want to provide information regarding the prospective plan to the consumer so that they may formulate an informed decision concerning the plan.

As per **Claim 29**, Schoenbaum et al. further discloses a method wherein the step of estimating the utilization quantity of each product for the consumer comprises deriving the estimated utilization quantity from the average utilization quantity of a population segment having at least one demographic, medical or attitudinal characteristic similar to those of the consumer (Para. 39; 222; 258, lines 8-10).

As per **Claim 30**, Schoenbaum et al. fails to disclose a method further comprising the step of inputting the consumer's expected utilization quantity of each product and wherein the estimated utilization quantity of each product for the consumer is equal to the consumer's expected utilization quantity of the product. However, It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to modify the method of Schoenbaum et al. wherein the expected and the estimated utilization quantities for each product for the consumer are equal. For instance, the process of estimating the utilization quantity of the

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customer is done in order to acquire a value that closely resembles the value the consumer feels is adequate, therefore it would have been obvious to want have both the estimated and the expected value match as closely as possible.

Conclusion

7. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

- a. Flagg, U.S. Patent No. 6,456,979
- b. Pack-Harris, U.S. Patent No. 6,195,612
- c. Whitworth, U.S. Patent No. 6,009,402
- d. Banks, U.S. Patent No. 5,913,198

Examiner's Note: Examiner has cited particular columns and line numbers in the references as applied to the claims below for the convenience of the applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply as well. It is respectfully requested that the applicant, in preparing the responses, fully consider the references in entirety as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the examiner.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Fadey S. Jabr whose telephone number is (571) 272-1516. The examiner can normally be reached on Mon. - Fri. 7:30am to 4:00pm.

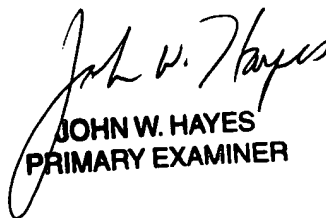
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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Hayes can be reached on (571) 272-6708. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Fadey S Jabr
Examiner
Art Unit 3639

FSJ


JOHN W. HAYES
PRIMARY EXAMINER